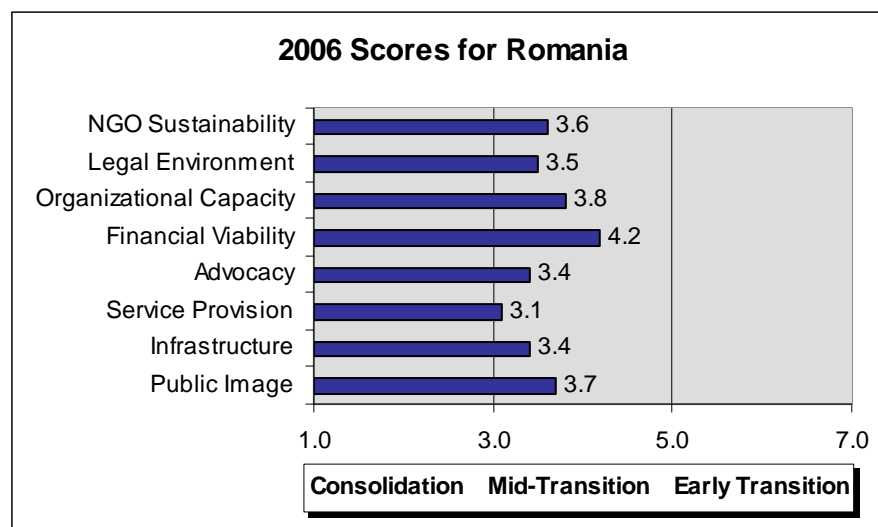


Romania



Capital: Bucharest

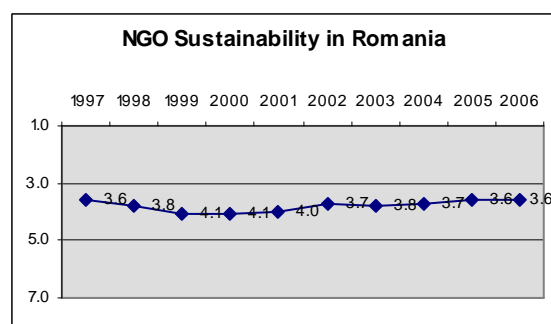
Polity: Republic

Population:
22,303,552

GDP per capita
(PPP): \$8,800

NGO SUSTAINABILITY: 3.6

The overall NGO Sustainability score improved slightly over last year due in part to progress in the Financial Viability dimension, which was driven by the new 1-2% funding mechanism. The Government took steps to increase transparency and accountability in the allocation of funds for nonprofit activities which also led to an improved score in the Legal Environment dimension. Local level organizations are the primary beneficiaries of the 1-2% law; they have begun strengthening relationships with their constituents in order to have more funds allocated to them.



In 2006, the Ministry of Justice published the National Registry of Associations and Foundations online, providing information on approximately 45,000 associations and foundations, and more than 1,000 federations and unions. The information provided includes legal status, as well as the organization's mission, founders, board members, and public utility status. Recent data is unavailable, but NGO sector experts estimate that approximately 20,000 NGOs are active.

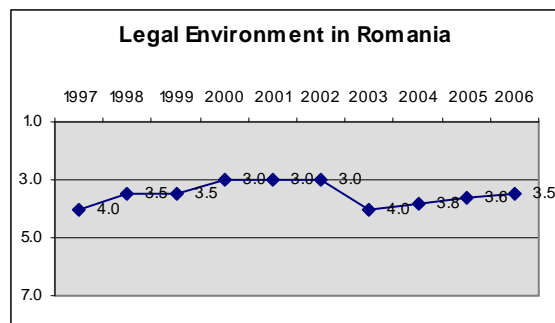
Social service providers, which make up 25% of registered NGOs, remain the most visible organizations. They were recognized by the public and government, and received the most media coverage from both the local and national media. Financial sustainability continues to be the greatest issue for most NGOs, which remain largely dependent on foreign donors and are unable to attract significant local support for their activities.

LEGAL ENVIRONMENT: 3.5

The main development over the past year is the change in the 1-2% funding mechanism.

Taxpayers may now direct up to 2% of their tax liabilities to NGOs, up from 1%. While this is a positive development, the procedure changed

and now requires taxpayers to file an additional form, which is more cumbersome.



Another development is Law 350/2005 regarding public grant allocation for nonprofit activities. The government approved the law in December 2005 following a long debate between NGOs and the Ministry of Justice. The law ensures that the process for allocating public funds to nonprofit organizations is more transparent, and holds both public

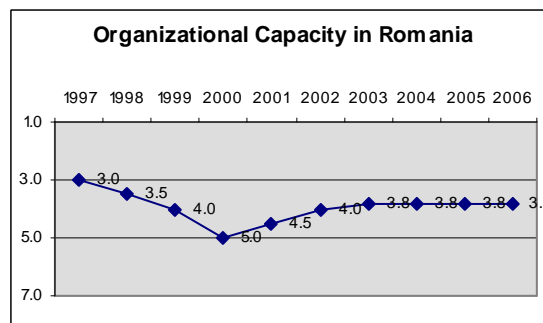
authorities and NGOs more accountable for how they use public funds. The law also requires that public authorities announce the grants they are planning for that year and file a report concerning the recipients and the projects they financed. The law, however, is inconsistent with other laws regulating grant allocation from ministries such as the National Culture Fund, the Environmental Fund, social subsidiaries, and different National Interest Programs funded by the Ministry of Labor, Social Solidarity and Family. The inconsistency creates confusion in the implementation of the laws and regulations.

In March 2006, the Government adopted Law 75/2006 concerning the national system of social assistance to regulate both social services and benefits. It requires that a social inspection system be created to evaluate and monitor all social service providers. The effect on social sector NGOs is unknown as the government has yet to create a social inspection system.

ORGANIZATIONAL CAPACITY: 3.8

Romanian organizations remain unable to mobilize a significant amount of local support for their activities. Both smaller and larger organizations tend to develop their programs according to the funding opportunities available and few NGOs adhere to their missions. Social service organizations are more successful in following their missions, in part because they have to adhere to legal requirements that regulate the allocation of social assistance funds.

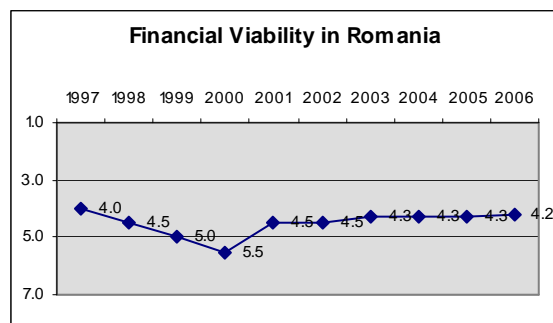
Concerned over the withdrawal of foreign donors, more organizations are making efforts to improve their constituency building. Many NGOs are learning new methods of engaging constituents, which reflects their efforts to develop more local funding sources. NGOs consider the 1-2% law as the main mechanism for generating support within local communities.



The governance and management functions continue to overlap, compromising the efficiency of both. Boards of directors remain unable to carry out significant strategic planning, though social service organizations engage in strategic thinking with greater frequency. NGOs continue to rely on volunteers for carrying out their activities, and often outsource functions such as accounting or public relations. Smaller, local organizations often lack a permanent staff and rely primarily on volunteers.

FINANCIAL VIABILITY: 4.2

This year, the implementation of the 1-2% law had the most positive impact on financial viability, providing NGOs more opportunities to raise local funds to support their activities. Preliminary data for 2006 indicate that individual taxpayers donated more than 3 million Euros (US \$3,979,501), which is twice the amount donated in 2005. While the number of citizens who used this mechanism also doubled, the level of participation is still very low, representing only about 4% of the potential contributors.



Romanian organizations appear more active in building constituencies at the local level. In addition to promoting the 1-2% law, NGOs have initiated successful fundraising campaigns focused on issues of general or local interests such as the Roma children, flood relief, and others. NGOs also organize major fundraising events every year, including the Save the Children's Christmas Tree Gala, Ovidiu Rom's Halloween Ball, and the Hospice House of Hope Charity Ball.

ADVOCACY: 3.4

A recent study by the Resource Center for Citizen Participation (CeRe) indicates that citizen involvement in the formulation of public policy at the national or local levels is rare. The study found that citizens are unaware of their rights to engage public officials. Civil servants are similarly unaware of their obligations to

Corporate social responsibility is growing in Romania, spreading from the larger corporations in Bucharest to the smaller corporations located in the regions. The United Way almost doubled the number of companies involved in its charity programs, increasing from 14 in 2005 to 26 in 2006. It also raised 300,000 Euros from employees and corporations, up from 190,000 Euros (US \$252,035) in 2005.

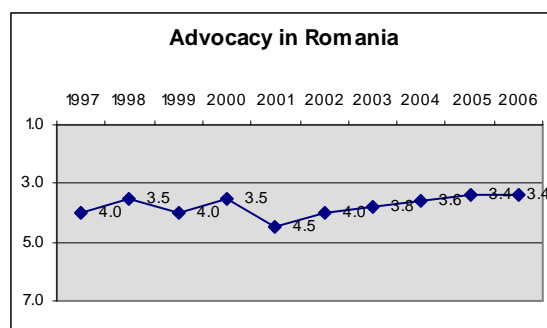
Central and local governments are also becoming important sources of funding, especially for social service organizations. The number of government institutions that provide funding to NGOs increased in 2006. The Ministry of Labor, Social Solidarity and Family (MMSSF), the National Authority for the Disabled, and the National Authority for the Protection of Children's Rights funded NGO projects through programs of national interest.

Though local resources available to NGOs continue to increase, foreign donors, particularly the EU, remain the main source of funding for NGO activities. Financial viability remains the greatest concern for most NGOs, which are generally unprepared for the withdrawal of international support. NGOs continue to identify projects according to the availability of funding rather than the needs of their constituencies. Similarly, few organizations fund their projects by engaging in economic activities. In 2006, USAID and the CEE Trust fund launched new programs to increase NGO sustainability, though results of the efforts are not yet available.

ensure that citizens are involved in the decision-making process.

The Consultative College of Associations and Foundations, which was created by the Prime Minister's Office, became operational in 2006. The College facilitates communications between the Government of Romania and NGOs, and

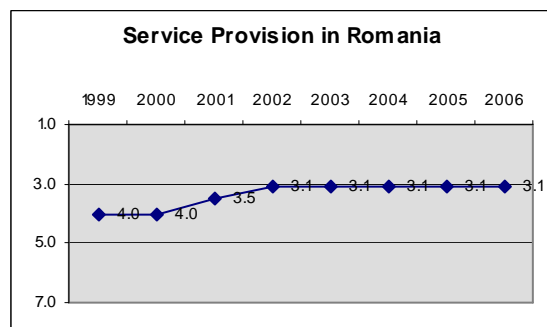
ensures civil society involvement in the formulation and implementation of public policies. Only two meetings were organized, however, one to discuss the EU Structural Funds and the other to designate NGO representatives for the Economic and Social Council. It is still unclear how efficient the consultative body will be.



In early 2006, eight NGOs formed an informal coalition to facilitate dialogue between NGOs and government bodies involved in the planning, implementing, and monitoring of the EU structural funds granted to Romania for 2007-2013. The coalition drafted many proposals that the government adopted and submitted as supporting documents for their approval to the European Commission in 2006. Another informal coalition of NGOs supported the creation of the National Authority for Integrity, which will monitor and supervise asset disclosure by members of Parliament and other public officials. The Coalition for a Clean Parliament launched a new initiative that advocates for increased transparency in selecting Romanian candidates for the European Parliament.

SERVICE PROVISION: 3.1

NGOs provide a variety of services, though social service organizations remain the most visible. Approximately 600 NGOs are accredited to provide social services, and therefore eligible to receive government funding. This is an indication of the increase in quality standards for the sector, a fact that is recognized also by authorities.



During 2006, MMSSF provided around 1.3 million Euros (UD \$1,724,450) in subventions to social service NGOs, based on Law 34/1998. At the local level, however, NGOs are generally only able to secure public contracts on an ad-hoc basis when additional resources are available in local budgets. The Mures County

Council contracted out the administration of a public service, a center for children in Targu-Mures, to the Alpha Transilvana Foundation, offering a positive example for other local governments.

Both civil society organizations and government officials value not only NGOs' abilities to provide social services, but also their expertise. Government officials especially value NGO training services for civil servants. In recognition of their expertise, the government and other social partners have invited NGOs to become full members of the Social and Economic Council.

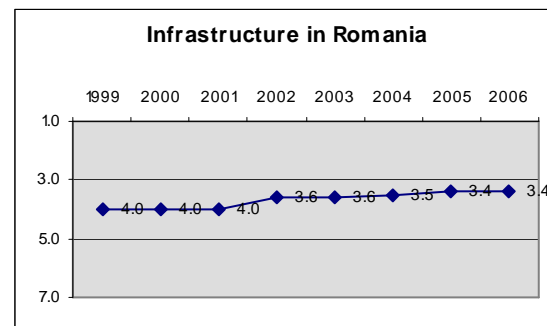
Despite these positive examples, the market for NGO services remains underdeveloped and demand for services limited. Organizations that provide training for other NGOs often have to compete with for-profit entities that provide similar trainings. NGOs rarely recover the costs of providing their services. Consumers continue to hold the opinion that NGO services ought to be provided free of charge, which is yet another obstacle for NGOs in achieving sustainability.

INFRASTRUCTURE: 3.4

Fewer NGO resource centers provide services nationally than in the past, though they are increasingly more specialized and focus on specific NGO themes. Some local resource centers are successful and continue to grow and expand their activities. They are also making efforts to attract and train volunteers, and increase their professionalism. The EU-Phare 2003 Civil Society Program continued to support the development of more resource centers in response to the needs of NGOs. Seven resource centers received such support, though their sustainability is a matter of concern.

Traditional grant-making organizations include the Association for Community Relations (ARC), the Resource Center in Satu-Mare (CREST), the Center Education 2000 (CEDU), and United Way. Though the amount did not change significantly over the past year, the amount allocated for local grants increased.

Approximately 1,000 federations and unions are registered with the National Registry of Associations and Foundations, most of which are mutual pension funds for the elderly or sports federations. NGO coalitions are rather informal. The NGO Coalition for Structural Funds, which is composed of eight Romanian NGOs, influenced framework legislation for accessing EU structural funds and was one of the year's most successful coalitions.



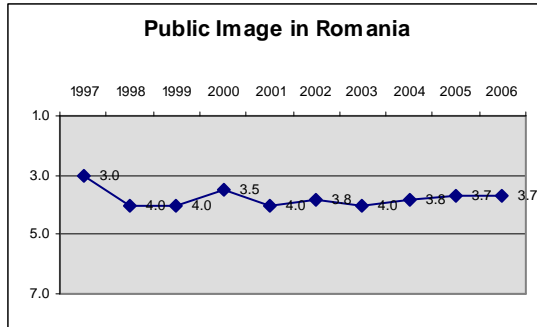
Requests for training by NGOs in 2006 were primarily related to financial sustainability rather than organizational development, and some trainers were recognized as specialists on the topic. The ARC, for example, specializes in increasing the ability for NGOs take advantage of the “2%” mechanism.

NGO cooperation and partnerships with the media and business community occurred primarily at the local level and revolved around the “2%” campaigns. The partnership between the Romanian Society for Emergency Medicine and Disasters (SMURD) and the mass-media outlets was the most successful of these collaborative efforts. NGO social service providers had the greatest success collaborating with local governments due to the outsourcing of services by state institutions.

PUBLIC IMAGE: 3.7

Media coverage of NGO activities did not change over the past year; NGOs have a much stronger relationship with media at the local level. Private television stations showed slightly less interest in NGO activities, though their interests in sensational reporting grew. NGO representatives are asked to comment on issues such as HIV-positive children being barred from attending school.

The media rarely provides analysis on the role that NGOs play within civil society, though the print media often runs articles related to community affairs. NGOs lack funding for advertising; media outlets therefore prefer to partner with for-profit companies on campaigns that address local needs. Important media outlets such as the state-run national television station initiated projects that include civil society in developing national fund-raising campaigns.



A recent survey found that 27.9% of the public trusts NGOs, which is unchanged from last year's 28%. NGO campaigns for the "1-2%" funds were intense and motivated the public to become more informed about NGOs, and adopt an issue to support. NGOs allocated resources for public outreach and have developed partnerships with the media to advertise their fundraising campaigns and reach out to their target audiences.

Government officials acknowledge the importance of NGO activities and expertise. Local authorities and NGOs continued to

develop partnerships in 2006, especially as the government increasingly outsourced social services. At the national level, ministries collaborated more with NGOs on important issues concerning EU accession.

Most NGOs lack the funding to promote their activities or fundraise at the national level. Some NGOs, however, secured strong national support due to their relations with celebrity politicians and entertainers. Other NGOs received support from journalists with whom they have close relationships.

During the 2006 Johns Hopkins Fellows Conference in Bucharest, NGOs discussed an NGO Code of Ethics. The larger NGOs intend to sign a joint statement regarding a common code of ethics in the near future. Most donors' application procedures require that NGOs submit their most recent annual reports, which will now include their income from the "2%" campaign. Many NGOs now publish annual reports and leaflets with current information.